

**5:30 –10**  
**LOCAL FINANCE BOARD - MUNICIPAL PORT AUTHORITIES**

**5:30-10.1 Annual budgets of municipal port authorities**

- (a) Every municipal port authority shall submit its annual budget to the Local Finance Board at least 45 days prior to the date upon which such budget is scheduled for final adoption for approval by the Local Finance Board.
- (b) In reviewing and approving each such budget, the Local Finance Board shall consider whether:
  - 1. All estimates of revenue contained in such budget are reasonable, accurate and fairly stated;
  - 2. The items of appropriation contained in such budget are properly set forth;
  - 3. The budget, in itemization, form, arrangement and content will permit the exercise of the comptroller function within the authority; and
  - 4. The operating income anticipated in such budget will, together with all other anticipated revenues:
    - i. Produce sufficient revenues to satisfy all obligations to the bondholders of the authority;
    - ii. Meet operating expenses, capital outlays and debt service requirements; and
    - iii. Provide for necessary reserves, all as may be required by law, regulations or terms of contracts and agreements.
- (c) The Local Finance Board may require that a municipal port authority provide it with whatever information and documentation it may deem necessary in connection with its review.
- (d) If the Local Finance Board finds that the foregoing conditions have been satisfied, it shall approve the budget; otherwise, it may determine either to disapprove it or to require amendments thereto. In consideration whether or not to approve the budget, the Local Finance Board shall not substitute its discretion with respect to an amount of an appropriation when the amount is not made mandatory by law or regulation.
- (e) In the event the Local Finance Board shall disapprove the proposed budget, the Board shall notify the authority and shall give the authority and any other interested parties an opportunity to be heard.

**5:30-10.2 Approval of municipal port authorities obligations; municipal guarantees of authority bonds; financing agreements; and leases, sales or dispositions of real property**

- (a) No authority shall adopt any final resolution authorizing:
  - 1. The issuance of bonds, notes, mortgages or other obligations;
  - 2. The entry into any agreement providing for a municipal guarantee of authority bonds;
  - 3. The entry into any financing agreement; or
  - 4. The entry into any agreement for the leasing, sale or disposition of real property unless and until it shall have obtained the approval of the Local Finance Board to do so.
- (b) Prior to the adoption of any such proposed resolution, the authority shall submit the proposed resolution to the Local Finance Board for review and approval.
- (c) The Local Finance Board may, by resolution adopted within a reasonable time, approve or disapprove any such resolution proposed by the authority, or may require changes in the proposed resolution.
- (d) The Local Finance Board shall, in the course of its review, give consideration to:
  - 1. The nature, purpose and scope of the proposed project financing or of the lease, sale or disposition of real property;
  - 2. The engineering and feasibility studies or appraisals prepared in connection therewith;
  - 3. The terms and provisions of the proposed agreements for the lease, sale or disposition of real property, financing agreements, security agreements and, in the instance of a negotiated offering, the proposed or maximum conditions of sale;
  - 4. The proposed or maximum schedule of debt service payments required and the impact thereof on the budget and financial condition of the authority and of the local unit or units which created the authority;
  - 5. The estimate of the annual cost of operating and maintaining the project as set forth in the engineering report and feasibility studies; and the initial rate, rent, fee or charge schedule or structure proposed by the authority, or other proposed method of raising the amounts required to finance the operations of the authority, pay debt service on its obligations and maintain reserves required by law, regulation or term of contracts and agreements. The Local Finance Board may examine the estimates, computations or calculations made in connection with this submission, may require the submission of any papers, documents, appraisals, witnesses, information, audits or investigations and may take any action which it may determine advisable in connection with this project.
- (e) If after such review and consideration, the Local Finance Board determines that the project cost has been accurately determined, that the method for funding the project

and the proposed financing arrangements are reasonable and feasible, that the proposed arrangements would not impose an undue financial burden on the authority, the local unit or the residents of the local unit which created the authority and would not materially impair the credit of the authority of the local unit or substantially reduce their ability to pay punctually the principal and interest on their outstanding indebtedness and supply essential public services and improvements; and in the case of a lease, sale or disposition of real property, that the terms of the lease, sale or disposition are fair and reasonable in light of current market conditions, it shall approve the resolution proposed by the port authority.

- (f) The Local Finance Board may waive the provisions of (d) and (e) above when the proposed financing agreement, guarantee agreement or debt authorization does not exceed \$50,000 or when the proposed agreement for the leasing, sale or disposition of real property does not exceed an annual rental or total sale proceeds of \$15,000.
- (g) At any time within 12 months after approval of the Local Finance Board, the authority may adopt the resolution so approved and, after adoption, shall immediately transmit a copy to the Local Finance Board. Failure of any authority to act within 12 months after approval by the Local Finance Board will void the resolution adopted by the Local Finance Board.